

Competitive Efforts in the City of San Diego

Competitive Assessments

As a catalyst for continuous improvement in City operations, the City of San Diego established two innovative programs, the Optimization Program, which operates under the City Manager's control and the Zero-Based Management Review (ZBMR), which advises the Mayor and Council by way of the Select Committee on Government Efficiency and Fiscal Reform.

The ZBMR and Optimization programs operate independently of one another, yet they complement one another very well. Project information and data are routinely shared between the programs in an effort to maximize the benefit of their shared competitive assessment efforts. Since 1994, these programs operating in concert have saved the City of San Diego well over \$100 million, and have served to stimulate numerous process improvements and cost reduction initiatives.

The Optimization Program

The Optimization Program, established in 1994 is comprised of City staff with expertise in a variety of disciplines, including industrial engineering, reengineering, organization development, Total Quality Management, and performance management. They also have a thorough understanding of the City's budgeting, financial reporting, and auditing processes.

The Optimization Program operates as an internal management-consulting firm for City staff, and advises departments in areas of competitive assessment, process reengineering, optimization, process improvement, and performance management. Areas of recent focus include facilitation of Citywide and cross-department improvement initiatives; and change management/business processes reengineering to support Citywide automation and technology integration projects.

San Diego ranked sixth overall in efficiency of departments providing city services and corresponding information to citizens, in 44 of the national's 50 largest cities, according to Reason Public Policy Institute's April 2001 *Competitive Cities Report Card*.

Competitive Efforts

Surveys

The Optimization Program also administers data collection and analysis for two major Citywide surveys.

The Annual Citywide Resident Satisfaction Survey: Determines residents' level of satisfaction with major services, perceptions of safety, and attitudes about the quality of life in San Diego. More specifically, this effort addresses the following issues:

- Attitudes about the quality of life in San Diego
- Overall satisfaction with the City's performance in providing services
- Satisfaction with 35 specific City-provided services
- Utilization of selected City-provided services and facilities
- Attitudes about safety in the City of San Diego
- Residents' demographics

In the Fiscal Year 2001 Citywide Resident Satisfaction Survey, 85 percent of those questioned rated San Diego's quality of life as either good or excellent, and over 95 percent expressed overall satisfaction with City services

The Fiscal Year 2001 study represents the seventh annual Citywide Resident Satisfaction Study conducted for the city of San Diego. Whenever appropriate, comparisons are made to the prior studies conducted yearly from 1995 through 2000. The information contained in this report is based on approximate 600 in-depth interviews conducted with a representative cross-section of San Diego residents.

Triennial Citywide Service Priority Ranking Survey: Every three years, the City of San Diego commissions a study to assess the need and perceived priority or importance of City services by residents to determine funding priorities. The information is based on 3,200 in-depth interviews conducted with a representative cross-section of San Diego residents. Where feasible, the results from the most current survey are compared to studies conducted in previous years. This information assists policy makers in determining how resources should be allocated during the budgeting process.

In December of 2001, the San Diego Business Journal selected the City of San Diego as the best large company to work for in San Diego.

Optimization Projects in 2001

Metropolitan Wastewater: In 2001, the Optimization Program endorsed and completed a Bid-to-Goal package for the Wastewater Collection Division. While delivering operational efficiencies in comparison to the private sector valued at an

estimated \$4.5 million per year, this Bid-to-Goal is expected to reduce annual sewer system overflows by 35 percent by Fiscal Year 2007.

Meanwhile, MWWD Operations and Maintenance Division's Bid-to-Goal continues to deliver cost savings (estimated at \$13.2 million in Fiscal Year 2001 alone), and continues to fund employee incentive pay and training programs while providing rate stabilization. The Optimization Program and the department are currently partnering to renew the Operations and Maintenance Bid-to-Goal agreement for the Period Fiscal Year 2004 through Fiscal Year 2009.

Risk Management: In Fiscal Year 2001, the Optimization Program worked extensively with the Risk Management Department in best practices integration and system improvements to the City's workers compensation and safety programs. The improvements, still underway, are projected to produce significant savings in the form of reduced workers compensation and employee medical leave expenditures. Optimization will continue with this initiative and provide status updates in Fiscal Year 2002.

General Services: In Fiscal Year 2001, the Optimization Program launched a process improvement initiative with the Facilities Maintenance Division. To date, the initiative has focused on developing high-performing teams and has held several successful workshops. In Fiscal Year 2002, the project focus will expand to incorporate process improvement strategies aimed at improving the division's ability to meet the maintenance needs of the City.

Water: In Fiscal Year 2001, the Optimization Program assisted the Water Department's Water Operations Division in developing the Scope of Work for an upcoming Bid-to-Goal initiative. The proposed Bid-to-goal project is aimed at assuring the competitiveness of the Water Operations Division, while validating the division's environmental management practices through an internationally recognized certification known as ISO 14001.

A recent Reason Public Policy Institute Study entitled, *California Competitive Cities Report Card*, looked at efficiency in California's 10 largest cities. San Diego was clearly the "most efficiently-run large city in California".

Of particular note was San Diego's Parks and Recreation Department, which was ranked number one in the state all seven years studied, and the Library System, which was rated number one for six of the seven years.

Zero-Based Management Review (ZBMR)

The ZBMR process, launched in 1995, is administered by Non-Profit Management solutions, Inc., which operates under contract with the City to recruit and train teams of citizen volunteers for macro operational assessments of city departments. ZBMR volunteers are typically active or retired business executives and are recruited on a project-specific basis, based on their management or technical expertise in the specific area of concern.

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The goal of ZBMR is to review all City operations at least once every five years. The City Manager identifies operational priorities and proposes an annual work program for ZBMR, which encompasses approximately 20 percent of the City's operational budget each year.

Assessment results and recommendations for improvement identified by ZBMR are reviewed with Department Directors and the City Manager. The final ZBMR report is then presented to the Select Committee on Government Efficiency and Fiscal Reform. Items requiring Council Action are forwarded, along with the approved ZBMR report, to the Rules, Finance and Intergovernmental Relations Committee, and, if necessary, on to the full Council for review and action.

Departments receiving a ZBMR are required to return to the Select committee within 60 days with an action plan for implementing improvement recommendations. The Optimization Program helps departments develop performance measures for each ZBMR recommendation, and then tracks the status of implementing recommendations and documents savings achieved. the status of implementing ZBMR recommendations is reported to the Select committee semi-annually.

ZBMR Reports

In Fiscal Year 2001, ZBMR released an assessment report for *Community & Economic Development*.